Trump Pardons Founder of the Crypto Exchange Binance

Changpeng Zhao, the richest man in crypto, had admitted to money-laundering violations that allowed terrorists and other criminals to move money on Binance.

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President Trump granted a pardon to Changpeng Zhao, the billionaire founder of the cryptocurrency exchange Binance, wiping away one of the U.S. government's most significant crackdowns on crypto crime.

Mr. Zhao had pleaded guilty to money-laundering violations in 2023 and served four months in federal prison, after a yearslong investigation by financial regulators and U.S. prosecutors.

“President Trump exercised his constitutional authority by issuing a pardon for Mr. Zhao, who was prosecuted by the Biden administration in their war on cryptocurrency,” Karoline Leavitt, the White House press secretary, said in a statement on Thursday. “The Biden administration’s war on crypto is over.”

The pardon was the latest example of how high-profile business partners of Mr. Trump and his family have benefited from his rollback of the wide-ranging crypto crackdown orchestrated by President Joseph R. Biden Jr. To seek the pardon, Mr. Zhao hired lawyers and lobbyists with ties to the Trump administration, while Binance struck a business deal with World Liberty Financial, the Trump family’s crypto start-up.

That deal alone is poised to generate tens of millions of dollars a year for the Trumps and the family of Steve Witkoff, the president’s top Middle East adviser.

Mr. Trump has granted clemency to several other prominent crypto executives, including Ross Ulbricht, who ran the Bitcoin-fueled drug marketplace Silk Road. And since Mr. Trump took office, regulators have dropped lawsuits against Coinbase and other large crypto firms.

But even in the context of Mr. Trump’s broader dismantlement of crypto enforcement, the pardon for Mr. Zhao was extraordinary.

Long considered the crypto industry’s richest man, Mr. Zhao — a Chinese-born executive who now lives in the United Arab Emirates — admitted that he had violated the law by failing to install rigorous compliance systems at Binance. That allowed people in countries under sanctions, and terrorist groups like Hamas, Al Qaeda and the Islamic State, to move money on his platform.

When he pleaded guilty, Mr. Zhao, who goes by CZ, stepped down as chief executive of Binance, though he remained its majority owner and held on to virtually all of his wealth.

Now he could have an opportunity to retake direct control of the exchange. The pardon could also make it easier for Binance to establish a presence in the U.S. market and challenge domestic exchanges like Coinbase and Kraken.

A Binance spokeswoman called the pardon "incredible news" and praised Mr. Trump "for his leadership and for his commitment to make the U.S. the crypto capital of the world."

In a social media post, Mr. Zhao said he was "deeply grateful for today's pardon and to President Trump for upholding America's commitment to fairness, innovation and justice."

"Will do everything we can to help make America the Capital of Crypto," he wrote.

Mr. Zhao remains a popular figure in the crypto world, and many investors have cheered him on since his guilty plea. Arthur Hayes, another crypto executive whom Mr. Trump pardoned this year, congratulated Mr. Zhao in a social media post on Thursday.

"Welcome to the club," Mr. Hayes wrote.

The pardon also prompted a backlash from critics of Mr. Trump.

"This is yet another example of the administration's brazen flouting of the rule of law," said Eswar Prasad, an economics professor at Cornell University who has been critical of the crypto industry. "There is little justification for this pardon and highlights how far this administration will go to promote the cryptocurrency industry."

In a statement, Senator Elizabeth Warren, Democrat of Massachusetts, noted that Binance had boosted World Liberty Financial and that Mr. Zhao had lobbied for a pardon.

Congress should "stop this kind of corruption," she said.

Founded in 2017, Binance is by far the largest and most influential crypto exchange in the world — at times, it has processed as much as two-thirds of all digital currency transactions. On its platform, customers can buy, sell and hold popular cryptocurrencies like Bitcoin and Ether, as well as hundreds of more obscure coins.

Mr. Zhao is the most powerful executive in the crypto industry. Worth an estimated $85 billion, he commands a vast social media following of worshipful investors who view him as something of a crypto oracle. With a few well-timed posts in 2022, he helped prompt a market panic that resulted in the demise of FTX, the exchange that was one of Binance's top rivals.

But even as FTX crumbled, Binance faced mounting pressure from U.S. law enforcement officials.

In November 2023, Mr. Zhao and Binance both pleaded guilty to violating rules aimed at preventing money laundering. Janet L. Yellen, who served as Treasury secretary at the time, said Binance had allowed "illicit actors to transact freely, supporting activities from child sexual abuse to illegal narcotics to terrorism."

Mr. Zhao received a four-month sentence, a light punishment compared with the penalties doled out to some of his colleagues in the crypto world. Even before he reported to prison, he was laying the groundwork for his next act, networking with U.S. tech executives and weighing investments in artificial intelligence.

Mr. Zhao was released in September of last year. Since then, he has become a fixture on the crypto podcast circuit, making flattering comments about Mr. Trump. In one interview, he said he had read books by Marc Rich and Michael Milken, two business tycoons who received pardons.

To spearhead his clemency push, Mr. Zhao hired Teresa Goody Guillén, a former Securities and Exchange Commission lawyer who also represents Zach Witkoff, the son of Mr. Trump's Middle East adviser. Working alongside Ms. Goody Guillén was Ches McDowell, a lawyer and lobbyist who is a longtime hunting companion of Donald Trump Jr. Mr. McDowell was spotted with the president's son at the White House last week.

Ches McDowell, a lawyer and lobbyist, left, and Donald Trump Jr. in the Rose Garden of the White House last week. Mr. McDowell helped push for the pardon of Mr.

Zhao. Andrew Caballero-Reynolds/Agence France-Presse — Getty Images

At the same time, Binance forged a partnership with World Liberty Financial, the crypto company founded by the Trump and Witkoff families. In May, Zach Witkoff announced that Binance would receive a $2 billion investment in the form of a cryptocurrency called USD1, which World Liberty had developed.

At a recent conference in Abu Dhabi, Mr. Zhao mingled with Zach Witkoff and other World Liberty founders, posing for photographs. On social media, Mr. Witkoff hailed Mr. Zhao as a "wise man."

Other figures in Mr. Trump's orbit were more skeptical. Laura Loomer, the conservative influencer who holds significant sway with Mr. Trump, wrote on social media in October that Mr. Zhao should not be pardoned because he had become a citizen of the Emirates.

"You know who gets Emirati citizenship when they weren't born in the U.A.E.?" Ms. Loomer wrote. "People who are trying to evade punishment for crimes."

Mr. Zhao shot back. "Many top U.S. entrepreneurs get U.A.E. citizenships," he wrote. "I implore you to visit some time.

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